

Message Text

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PAGE 01 BONN 06577 111639Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 /036 W
-----083345 111737Z /43

P R 111622Z APR 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 7538
INFO USMISSION USBERLIN
AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY PARIS

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E.O. 11652: N/A
TAGS: EAIR, PGOV, WB, GW, UK, FR
SUBJECT: CIVAIR: PAN AM AIR FARES IN BERLIN

REF: A. STATE 89026, B. BONN 6231

1. FRG WELL AWARE THAT ITS PART IN DECISION MAKING ON
BERLIN AVIATION MATTERS IS LIMITED TO THE OBLIGATION OF
THE ALLIED CAA'S TO RECEIVE AND CONSIDER THE ADVICE OF
THE BCATAG BEFORE REACHING A DECISION. THIS WAS EX-
PLICITLY RECOGNIZED BY HELD OF FOREIGN OFFICE ON APRIL
5. INFORMAL AGREEMENT TO BE SOUGHT REGARDING SUPER APEX
FARES WOULD BE ONLY THAT, SINCE THIS SEEMS TO BE NON-
CONTROVERSIAL FARE, THE CAA'S COULD GO AHEAD AND APPROVE
IT WITHOUT PRIOR DISCUSSION IN BCATAG.

2. WE CONTINUE TO BELIEVE THAT THERE IS NO SERIOUS
DESIRE ON THE PART OF ANY PARTY TO LEVY FINE ON PAN AM.
THAT OR ANY OTHER DISCIPLINARY ACTION WOULD BE FOR
IMPLEMENTING NEW FARES WITHOUT RECEIVING CAA PERMISSION,
FOR DOING SO IN THE FACE OF HAVING OFFICIALLY BEEN
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INFORMED THAT SUCH A FILING WAS NECESSARY, AND FOR
APPARENTLY HAVING FALSELY REPRESENTED ITS DECISION
AS BEING THAT OF THE USG AND NOT BECAUSE THE FARE
IN QUESTION WAS LOWER THAN PREVIOUS FARES. TO THE
PUBLIC, HOWEVER, IT WOULD DOUBTLESS SEEM TO BE A
PUNISHMENT FOR SELLING LOW FARE TICKETS AND PAN AM
WOULD APPEAR AS THE CHAMPION OF THE TRAVELER WHILE THE

GOVERNMENTS CONCERNED WOULD BE SEEN AS FORCING HIGHER
FARES ON THE PUBLIC. PAN AM'S BERLIN MANAGER CONRAD
JACOBY ON APRIL 6 TOLD THE EMBASSY CAA THAT A FINE
WOULD BE WORTH A \$100,000 IN ADVERTISING TO PAN. PAN
AM HAD ALREADY, HE FELT, RECEIVED INVALUABLE FREE
ADVERTISING FROM PRESS COVERAGE OF THE CONTROVERSY.

3. DESPITE JACOBY'S EUPHORIA, THE PUBLICITY IS NOT
ENTIRELY FAVORABLE TO PAN AM AND CERTAINLY NOT TO
THE USG. A NUMBER OF PRESS ARTICLES HAVE EMPHASIZED
THAT THE USG ACTED WITHOUT CONSULTING ITS ALLIES, AND
ONE TV COMMENTATOR DISCUSSED AT LENGTH HOW THIS TREAT-
MENT SHOWED THAT THE FRG'S APPARENT SOVEREIGNTY WAS AN
ILLUSION. THE PRESS ON APRIL 10 REPORTED A PARLIAMENT-
ARY QUESTION BY AN SPD MEMBER WHICH DEMANDED THAT THE
SUBSIDY TO INNER GERMAN SERVICE CARRIERS BE DISCONTIN-
UED, SINCE PAN AM'S LOW FARES SHOW THAT NO SUBSIDY IS
NEEDED.

4. COMMENT: ASIDE FROM THE IMMEDIATE PUBLIC RELATIONS
ASPECTS, IT IS IMPORTANT TO MAINTAIN THE DISTINCTION IN
OUR DEALINGS WITH THE OTHER CAA'S AND THE BCATAG BE-
TWEEN THE CONTENT OF PAN AM'S FARES AND THE WAY THEY
WERE IMPLEMENTED. NOT ONLY WOULD WE WEAKEN OUR CASE FOR
THE FORMER BY SEEMING TO CONDONE THE LATTER, WE WOULD BE
COMPROMISING OUR TRADITIONAL SUPPORT FOR A TRI-PARTITE
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AS OPPOSED TO A NATIONAL APPROACH TO REGULATION OF
CIVIL AVIATION IN BERLIN

STOESSEL

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AIR FARES, AIR ROUTES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 apr 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BONN06577
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780155-0966
Format: TEL
From: BONN
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780472/aaaaciwv.tel
Line Count: 98
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1d5220b3-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: 78 STATE 89026, 78 BONN 6231
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3014689
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: PAN AM AIR FARES IN BERLIN
TAGS: EAIR, PGOV, WB, GE, UK, FR, PAN AM
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1d5220b3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014